

U.S. Department of Justice
United States Attorney
Western District of New York

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PRESS RELEASE

July 1, 2005

TITLE COMPANY OWNER PLEADS GUILTY IN CONNECTION WITH A WIDESPREAD MORTGAGE FRAUD SCHEME

RE: UNITED STATES v. JANET FATICONE

Kathleen M. Mehlretter, the Acting United States Attorney for the Western District of New York, announced that Janet Faticone, age 41, Webster, New York, pled guilty in front of United States District Court Judge David G. Larimer to mail fraud in connection with a mortgage fraud scheme, in violation of Title 18, United States Code, Section 1341, which charges a maximum term of imprisonment of 5 years, a \$250,000 fine, or both.

Assistant U.S. Attorney Richard A. Resnick, who is handling the case, stated that Janet Faticone was the owner of Pogal Title Agency, Inc. ("Pogal Title") located at 16 East Main Street, Suite 260, Reynolds Arcade Building, Rochester, New York 14614. Denise Strollo was a mortgage broker operating a branch office for Professional

Mortgage Group located at 1800 English Road, Suites 2 & 4, in Rochester, New York. Strollo and Faticone orchestrated a scheme to defraud various individuals seeking to obtain mortgage loans from Strollo. This scheme also defrauded the various lenders who were providing the mortgage loans. The scheme involved charging Strollo's customers with false and inflated expenses. Strollo and Faticone did this by falsifying the HUD1 settlement statements, which statements are required to list and identify the actual costs and expenses associated with a mortgage loan, as discussed below.

In addition to charging customers with inflated and fictitious expenses, Strollo and Faticone also executed a scheme to defraud the customers of Strollo by selling the customers a program entitled GEMCAP which permitted the customers to pay off their mortgage loans quicker by paying twice monthly mortgage payments, rather than once monthly mortgage payments. The customers were charged 1 to 2 percent of the loan amounts, and in many cases, were charged more than this amount. Some customers were not told that they would be charged for this program. The lending companies, however, were not advised that this service was sold to the customers either because Strollo knew that the lending companies would have provided this service free to the customers if the customers desired a program to pay off their mortgage loan sooner, or that the fees charged for this program by Strollo were excessive. Strollo and Faticone misled the lending companies by not listing or by misrepresenting this program's expense on the HUD1 settlement statements which were sent to the lending companies. This scheme resulted in Strollo and Faticone receiving much more profit from the mortgage transactions than they should have.

The defendants defrauded approximately 100 other individuals using the same scheme.

The conviction was the culmination of an investigation by Robin Dalglish, Postal Inspector in Charge of the New York Division of the United States Postal Inspection Service.

Faticone is scheduled to be sentenced on October 5, 2005 at 10:00 a.m.

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